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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations: financing of the United Nations peacekeeping operations

Reform of the procedures for determining reimbursement to Member States for contingent-owned equipment

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the work of the post-Phase V Working Group on reformed procedures for determining reimbursement of contingent-owned equipment (A/55/815), as well as the report of the post-Phase V Working Group (A/C.5/55/39). During its consideration of the documents, the Committee met with representatives of the Secretary-General, who provided additional information. **The Advisory Committee regrets that the annexes to the report of the post-Phase V Working Group were provided to the Committee in one language only (English). The Committee reminds the Secretariat to ensure that this experience is not repeated in future.**

2. According to the Secretary-General, the Working Group has successfully completed the tasks mandated by the General Assembly. The Advisory Committee notes that the post-Phase V Working Group validated the methodology and agreed on revised reimbursement rates for major equipment and self-sustainment, rates for some special cases and new categories of major equipment, generic reimbursement for painting and repainting of major equipment, and new on rates for level II medical services provided by level III medical facilities. The Committee notes that the Secretariat recommends approval of these recommendations of the Working Group without any comments or reservations, as shown in the annex to the report (A/55/815).

3. The Advisory Committee observes that the post-Phase V Working Group also defined high- and normal-risk missions for medical reimbursement purposes, but could not arrive at a consensus on some issues, such as the review of the policy on vaccination costs and pre- and post-deployment examination. As indicated in item 14 of the annex to the report (A/55/815), "the Secretariat is of the view that

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reimbursing vaccination and examination costs will have a substantial financial impact on the peacekeeping budgets". The Committee sought additional information on the total estimated cost of vaccination and examination amounting to $241 per contingent member and was informed that the figure was based on the data provided by Member States and took into account an averaging methodology whereby the highest and lowest 25 per cent of the figures were excluded from the survey. **The Advisory Committee requests the Secretariat to consider whether to include in the future surveys of the cost of vaccination and examination data to be sought from such United Nations organizations as the World Health Organization and the United Nations Children's Fund.**

4. As indicated in paragraphs 4 and 11 of the report of the Secretary-General (A/55/815), the post-Phase V Working Group recommended that the revised reimbursement rates for major equipment and self-sustainment be incorporated in the peacekeeping budgets for the period 2001-2002. **The Advisory Committee points out that should the General Assembly approve the recommendations of the post-Phase V Working Group, the related financial requirements would be reflected either in proposed budget submissions for the period 2001-2002 for those operations that have yet to be considered by the General Assembly, or in performance reports for those peacekeeping budgets that have already been approved by the Assembly.** The table below, which is based on information provided by the Secretariat, illustrates the impact of the application of the recommendations of the post-Phase V Working Group on resource requirements for two peacekeeping operations, the United Nations Mission in Ethiopia and Eritrea (UNMEE) and the United Nations Mission in Sierra Leone (UNAMSIL):

	Total monthly reimbursement at existing rates (in United States dollars)	*Total monthly reimbursement at post-Phase V rates (in United States dollars)*	*Increase (percentage)*
Reimbursement for major equipment			
UNMEE (wet lease)	1 631 149	1 737 834	6.54
UNAMSIL (wet lease)	4 990 285	5 372 184	7.65
Self-sustainment			
UNMEE	1 231 505	1 310 982	6.45
UNAMSIL	4 158 740	4 397 784	5.75

5. The Advisory Committee was informed of continuing delays in the signature by troop-contributing countries of memoranda of understanding with the United Nations. **The Advisory Committee points out that such delays will hamper the effectiveness of the measures to improve the working of peacekeeping operations and it stresses, therefore, the need for all concerned to cooperate with the United Nations with a view to minimizing delays in signing of memoranda of understanding.**

6. **The Advisory Committee shares the view of the Secretary-General that the need to have in place a simple, transparent and equitable reimbursement system is paramount for the efficient and effective working of peacekeeping operations. Taking into account its comments and observations in the**

paragraphs above, the Advisory Committee recommends that the General Assembly approve the recommendations of the post-Phase V Working Group as outlined in paragraph 17 of the report of the Secretary-General (A/55/815).

Troop costs

7. In its resolution 55/229 of 23 December 2000, the General Assembly requested the post-Phase V Working Group to consider the current methodology underlying the calculations of standard rates of reimbursement to troop-contributing States, including ways to produce timely and more representative data. The Advisory Committee notes from paragraph 13 of the report of the Secretary-General (A/55/815) that the Working Group did not reach a consensus on the subject and submitted some options that the General Assembly could consider during its resumed fifty-fifth session. These options are described in paragraphs 85 to 93 of the report of the Working Group (A/C.5/55/39).

8. It is recalled that standard rates of reimbursement of $500 per month for pay and allowances for troops serving in two peacekeeping missions were agreed by the General Assembly in 1974, along with a standard rate for a supplementary payment of $150 for a limited number of specialists. This was based on a figure proposed by the troop contributors. These rates were reviewed in 1977, 1980, 1985, 1987 and 1991, and increased in 1977 to $680 and $200, respectively, in 1980 to $950 and $280, and in 1991 to $988 and $291. In 1975, the Assembly also agreed to a reimbursement rate of $65 per soldier for personal equipment and clothing and $5 for ammunition. This has remained unchanged.

9. As indicated in paragraph 8 of the report of the Secretary-General on the review of the rates of reimbursement to the Governments of troop-contributing States (A/54/763), the following three points were considered in the initial study on the basis of which the standard rates of reimbursement were established in 1973:

(a) Troops servicing side-by-side should be reimbursed on the same basis for identical services;

(b) No Government should receive a higher reimbursement than its actual cost, that is, no Member State should profit from its participation in the operation;

(c) Some Governments would not be fully reimbursed on the basis of any standard cost-reimbursement formula, but they should be reimbursed at least the amount that was actually paid to their troops as overseas allowance.

10. The Advisory Committee notes from paragraph 82 of the report of the Working Group (A/C.5/55/39) that the Secretariat indicated that it would welcome guidance on the methodology and that the General Assembly had not provided specific guidelines on the conduct and content of the surveys of troop contributors.

11. The Advisory Committee recalls that in paragraph 8 of its previous report (A/54/859) on the review of the Secretary-General of the rates of reimbursement to the troop-contributing States (A/54/763), it had invited the General Assembly "to provide further guidelines with a view to refining the methodology to ensure that more timely and comprehensive data is provided to establish whether a change in the standard rates of reimbursement to troop-contributing States is warranted".

12. The Advisory Committee also recalls that the Secretary-General, in his report (A/54/763, para. 31), noted that the 1996 survey had indicated an average absorption factor of 53.9 per cent and that a comparison with the previous absorption factor of 32.8 per cent from the 1991 review indicated an increase of 21.1 per cent in the average absorption factor; the Secretary-General suggested that "it would appear, therefore, that an upward adjustment to the current rates may be warranted".

13. **Taking into account the comments and observations in the paragraphs above and pending a comprehensive review of the methodology of reimbursement for troop costs, the Advisory Committee recommends that the General Assembly may wish to consider, as an ad hoc arrangement, increasing the standard monthly rates of reimbursement by 4 to 6 per cent. Furthermore, the Advisory Committee recommends that consideration be given to having recourse to a group of qualified individuals who would study and make proposals on the methodology and the elements on which it is based.**

14. The annex below, submitted by the Secretariat, provides the magnitude of the impact of the increase on the rates for United Nations peacekeeping operations. **Should an increase be approved by the General Assembly to take effect during the financial period 2001-2002, the Advisory Committee recommends that additional requirements resulting from the increase be reflected either in proposed budget submissions for the period 2001-2002 for those operations that have yet to be considered by the General Assembly, or in the performance reports for those peacekeeping budgets that have already been approved by the Assembly.**

Annex

Rates of reimbursement for troop costs; consequential changes of an adjustment of 4 to 6 per cent

(United States dollars)

Increase (percentage)	*Base pay increase*	*Basic pay (rounded)*[a]	*Specialist allowance increase*	*Specialist allowance (rounded)*[b]	*Clothing, gear and equipment increase*	*Clothing, gear and equipment (rounded)*[a]	*Total increase*	*Total reimbursement*	
								At 10% of contingent	*At 25% of contingent*
		988		291		70		1 087	1 131
4	39.52	1 028	11.64	303	2.80	73	53.96	1 131	1 176
5	49.40	1 037	14.55	306	3.50	74	67.45	1 141	1 187
6	59.28	1 047	17.46	308	4.20	74	80.94	1 152	1 199

[a] Basic pay and clothing, gear and equipment allowance are payable to all military personnel.

[b] The specialist allowance is payable only to 10 per cent of contingents providing non-logistics personnel or 25 per cent of contingents providing logistics personnel.